

# Performance-Based Budgeting

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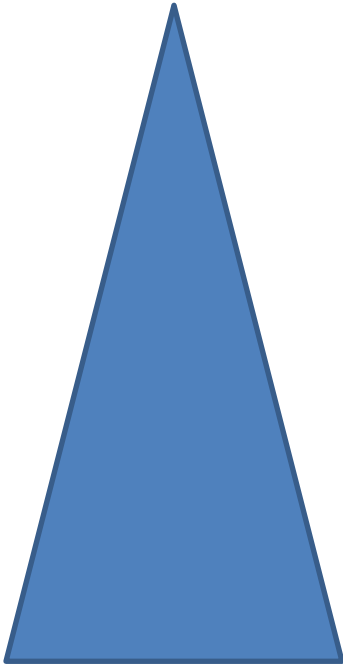


# **Background and Evolution**

# 1980's

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**Strategic Planning**

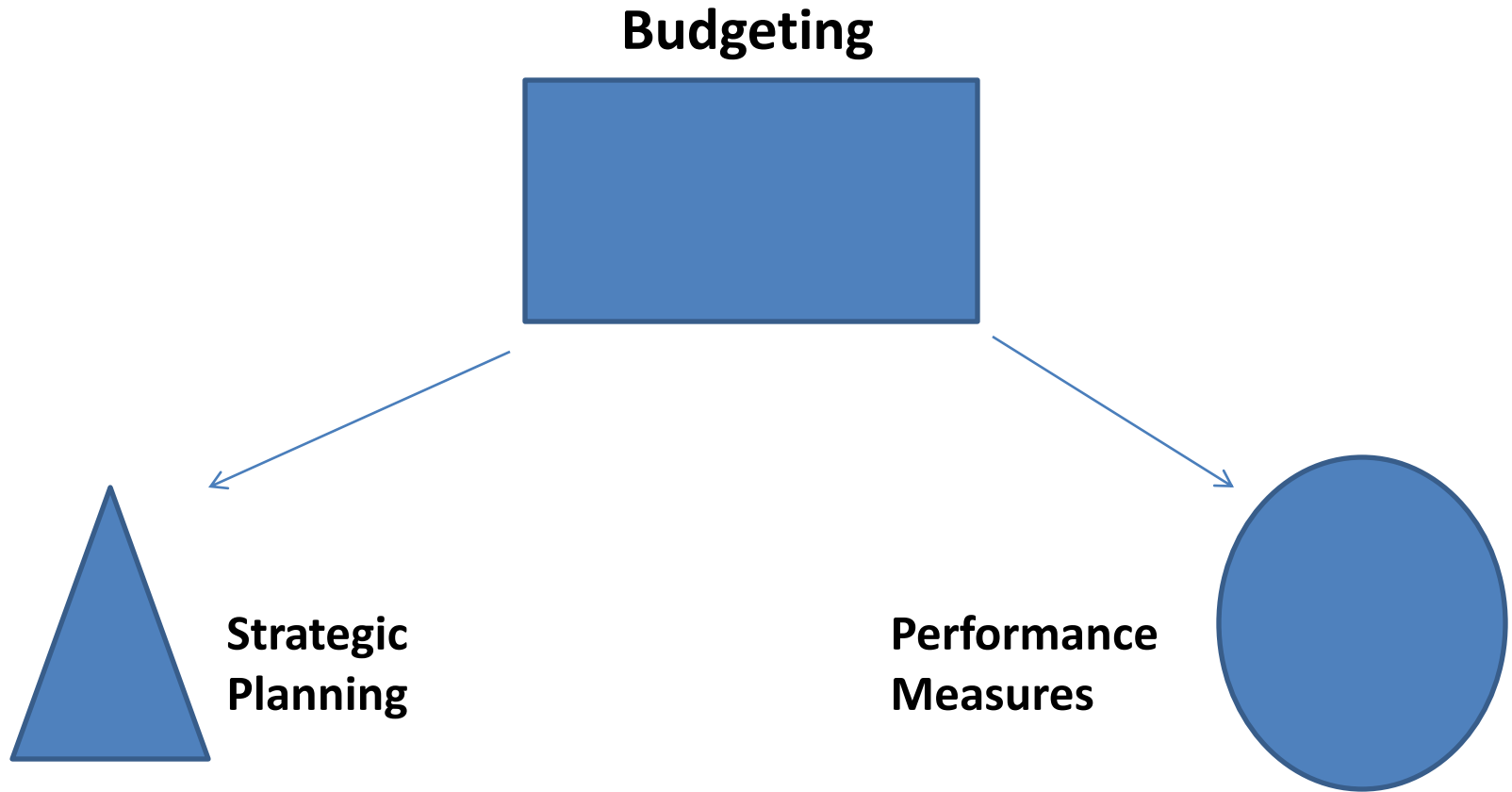


**Budgeting**



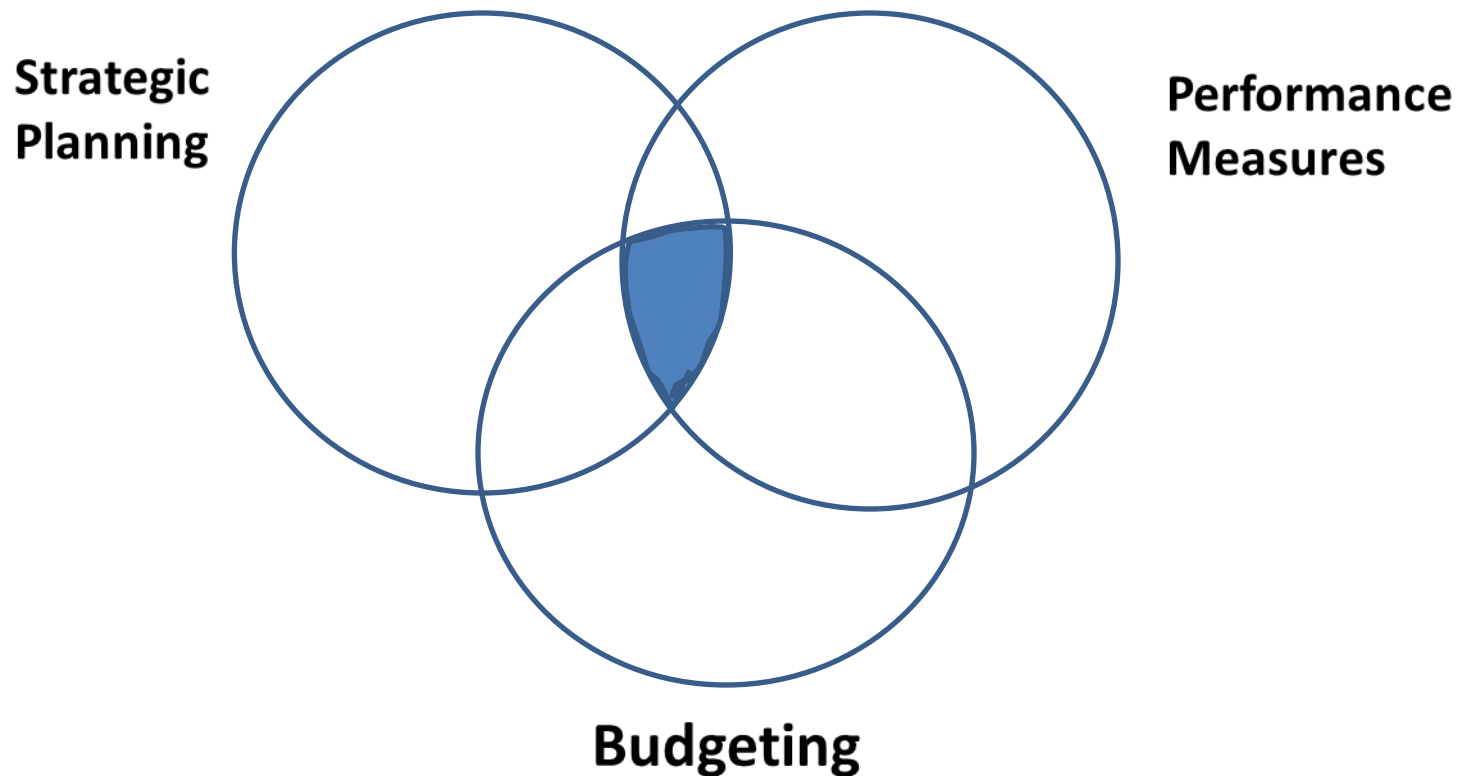
# 1990's

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# Goal Since 2002

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**How do you get started?**

# User buy-in . . .

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- Broad participation in development
- Format and structure can be top-down
- Content has to be bottom-up
  - Ownership
  - Responsibility

# Steady, controlled development . . .

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- Do not expect it to happen overnight
- Important to lead people through the process rather than push
- Be open-minded
- Keep a consistent message
- Incorporate flexibility to meet changing needs and priorities



# Support from key stakeholders . . .

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- Backed by business community leaders
- Early buy-in from Governors
- Supported by legislative members
- Supported by professional legislative staff

# Don't oversell it!!

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- Do not promise or expect it to do more than it can
- Should be one of many tools in decision making process
- While it can answer questions, it may raise many others

# Don't be afraid to make changes . . .

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- Constant improvement model
- Invite comments and input
- Be willing to recognize when something is not working

# Success depends upon the same things that make any process successful . . .

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- Quality of information
- Qualified and well-trained staff
- Regularly maintained and updated
- Changes made as necessary in a timely fashion
- Used by professionals
- Simple message that can be communicated to stakeholders

# **Building Technology to Support the Process**

# Performance Budgeting – the business case for a new system . . .

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- PROBud, the previous legacy system that was the core budget system for Virginia, was developed and released by Price-Waterhouse in the late 1970s.
- Weaknesses of PRObud:
  - Based on out-dated programs
  - Flat file system – no relational data capabilities
  - Fixed number of fields with fixed field lengths
  - Could not be updated – limited ability to upgrade legacy software to meet changing business needs
  - Diminishing supply of qualified technical support
  - Could not be easily integrated – lack of uniformity and flexibility to add new products and services that contemporary platforms offer
  - Documentation of system deteriorated with the passage of time

# Performance Budgeting – the business case for a new system (*continued*) . . .

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- Over the years, a number of ad-hoc internal systems had been developed as work around solutions to keep up with technology and work demands. These systems lacked formal support and documentation.
- Benefits of a new system:
  - Elimination of dependence on legacy mainframe systems
  - Fresh start to document new systems and processes
  - Integration with new business applications
  - Ability to leverage Web and service-oriented architecture
  - Flexible information technology architecture
  - Reduction of risks associated with running potentially unsupported hardware and software

# Performance Budgeting – the following systems were replaced . . .

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- PROBud
- WebBEARS
- ExpendWise
- BudgetWise
- FATS (Budget Execution)
- Capital Planning Access Databases
- Six-Year Nongeneral Fund Access Databases
- Six-Year Financial Plan Spreadsheets and Word Documents
- Stand-alone Strategic Planning and Performance Measurement System
  - Strategic Planning
  - Management Scorecard
  - Performance Measurement



# Performance Budgeting – business goals for a new system . . .

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- Improved budget decision-making by providing the ability to systematically link strategic and service area plans, performance measures, and budgets
  - Allow the Commonwealth to determine and deploy best business processes
  - Provide better information for decision makers and agencies
  - Improve budget transparency
  - Enhanced reporting capability
- Efficiency and productivity improvements
  - Eliminate redundant data entry, reconciliation, and verification of data integrity
  - Automate workflow capabilities
  - Permit a flexible and extensive account classification structure
  - Provide a Web-based, intuitive user interface
  - Integrate data and analysis tools with powerful reporting capabilities
  - Establish comprehensive security and internal controls
  - Integrate spreadsheets, word processing, and publishing software

# Performance Budgeting – business goals for a new system . . .

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- Major process re-engineering and software implementation effort designed to:
  - Minimize risk of dependence on older technologies
  - Increase effectiveness and efficiency by replacing numerous disparate systems with a fully integrated enterprise performance budgeting system
  - Position the Commonwealth to exploit emerging technologies
  - Deliver custom interfaces to Commonwealth legacy systems
- Integration of strategic planning and budgeting with functionality to input, modify, and store performance budgeting data
- Enhanced budget development and monitoring functionality for agencies
- Facilitate personnel training through use of online training modules

**Questions?**

# Contact Information

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